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C O N F I D E N T I A L SECTION 01 OF 04 TALLINN 000335

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SUBJECT: Estonia: Opposition Dominates Local Elections

REF: TALLINN 311

CLASSIFIED BY: Marc Nordberg, Political/Economic Chief; REASON:
1.4(B), (D)

Classified by Charge Karen Decker for Reasons 1.4 B & D.

¶1. (U) SUMMARY. The October 18th local elections for 226 town councils throughout Estonia resulted in few surprises, other than a robust turnout of 60.57 percent, considerably higher than the 47.4 percent participating in the last local elections in 2005. The Center Party won a clear majority in Tallinn but will govern in a coalition with the Social Democrats (SDE). Increasing its support from Russian-speakers, the Center Party strengthened its hold on Narva with 76.6 percent of the votes, compared to 59.9 percent in 2005. The Reform Party (which leads the government at the national level) will continue to govern Tartu (Estonia's second-largest city) in a coalition with the Center Party and the People's Union. Incumbent coalitions were overturned in both Parnu and Rakvere. Internet voting became even more firmly established with over 104,000 e-votes cast, approximately 15.8 percent of total votes. Positioning for the 2011 Parliamentary Elections, and the Presidential Election in the fall of 2011, has now begun in earnest. END SUMMARY.

POLITICAL PRIMER: THE PARTIES

¶12. (U) As a quick review, the following are the main political parties in Estonia:

-- Center: Center-left, populist. Estonia's largest party by membership, but currently in opposition in parliament with 28 MPs. Receives heavy support from Russian speakers.

-- Reform: Center-right, pro-business. Currently the largest party in parliament with 31 seats.

-- IRL: Center-right, nationalist. Third largest party in parliament (19 seats) and coalition partner with Reform.

-- Social Democrats: Center-left. Has 10 seats in parliament and was previously in a coalition with Reform and IRL until their removal over the summer.

-- People's Union: Social-democratic, agrarian. They have six seats in parliament, but their popularity has been damaged following a corruption scandal involving the party chair.

-- Greens: Pro-environment, fiscally conservative. They have six seats in parliament.

¶3. (U) Local elections were held October 18 throughout Estonia. The opposition Center Party was the clear winner, increasing its support in most districts. The results are a preliminary indication for the 2011 parliamentary and presidential elections. Center's victory can be attributed to dissatisfaction over the state of the economy and the current government's - led by Reform - handling of the April 2007 removal of the Bronze Soldier statue. Center was virtually the only party to actively seek the Russian-speaking vote, and was rewarded for these efforts, receiving most of the Russian-speaking votes. However, Center's Russian support will count for less in 2011, as roughly half of Estonia's Russian-speakers, as non-citizens, can only vote in local elections. More surprising, however, was that Reform received the support it did. Reform is the party in power, and this year Estonia's GDP has fallen 15.3 percent (third quarter year-on-year). Despite massive economic dislocations, Reform faced little anger at the voting booth, and the vote could be seen as mainstream support for Reform's staunch advocacy of keeping the budget small in order to join the Eurozone in 2011 .

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INTERNET VOTING GAINS IN POPULARITY

¶4. (U) The 2009 local elections marked the fourth time that Estonians could vote online, and they did so in ever greater numbers. The most prominent e-voter was President Toomas Hendrik Ilves who cast his vote from Estonia's Honorary Consulate in Skopje, Macedonia. The election commission counted a total of 104,313 e-votes cast during the seven days of e-voting, compared to 58,614 cast in the European Parliamentary elections earlier this year. These most recent figures constitute a little less than ten percent of registered voters and 15.8 percent of overall votes cast. Post is unaware of any reports of abuse of e-voting or any serious complaints about this system, adding emphasis to the efficiency and anti-corruption benefits of e-governance.

Status Quo in Tallinn

¶5. (U) In what many characterize as a rebuke of the Reform Party over the removal of the Bronze Soldier, the Center Party won an even larger absolute majority of seats on the Tallinn City Council than in 2005, securing 44 seats out of 79 with 53.5 percent of the votes. The Reform Party received 16.6 percent of the vote, earning them 14 seats on the council, one less than in 2005. Pro Patria and Res Publica Union (IRL) secured 13 seats with 15.4 percent of the vote. With 9.8 percent of the vote, the Social Democrats (SDE) took eight council seats. The results would have allowed the Center Party to govern without the need of a coalition as they did from 2005-2009, but Party Chairman Edgar Savisaar offered to form a coalition with SDE. The coalition agreement gives SDE Chairman Juri Pihl the position of Deputy Mayor for Sustainable Development, Social Affairs and Public Order, one of the six deputy mayor positions. The SDE will also get to chair one of the eight regional districts in Tallinn. Center Party member Toomas Viitsut will return as Chair of the Council.

16. (U) The Center Party-SDE coalition agreement is also loaded with lots of goodies which Finance Minister and Reform Party member Jurgen Ligi has already publicly criticized as financially infeasible. Ligi stated that all of the larger municipalities have reached the limits of what they are allowed to borrow, and he noted that, "Tallinn cannot do what the two parties have agreed if they observe the law." Tallinn's budget is typically in the neighborhood of seven billion EEK (approximately USD 673 million), but the Finance Ministry estimates that all of the promises in the coalition agreement would result in an approximate budget of nine billion EEK (over USD 865 million). The agreement calls for the following: construction of a fast tram system, repurchasing of the Tallinn water company, continuation of the social jobs program, a steep increase in the city's payments to pensioners, and creation of a municipal television channel.

A COALITION BASED ON "WORLD VIEW"

17. (U) Upon reaching agreement, Savisaar hailed it as the first coalition in Tallinn based on "world view" and it seems evident to us that he is setting the stage for the March 2011 Parliamentary Elections with a clearly defined center-left bloc in opposition to the center-right governing coalition. Only a few days after their decisive victory in Tallinn, the Center Party also offered the ailing People's Union, which only garnered 1.9 percent of the vote,

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the prospect of a merger into the Center Party. Such a merger would give Center (and Savisaar) support in the rural areas - vital if Savisaar runs for president in 2011. While their overall support was low, the People's Union won majorities in 47 rural municipalities. An alliance with the People's Union would also help Savisaar counter the image of being the candidate of Estonia's Russian-speaking voters. Both the SDE and Greens have also offered mergers to the People's Union.

18. (C) While the Center Party clearly dictated the terms of the coalition agreement to SDE, the Center does run a slight risk in bringing SDE on board. Center will try to place the blame for any shortcomings on SDE, but SDE will gain from avoiding complete obscurity in the run-up to the parliamentary elections. SDE Secretary General Randel Lants confided to poloff that he believes SDE is the most natural fit for Russian-speaking voters, and that SDE can appeal to Russian-speaking voters if given the chance. To that end SDE has made a long-term commitment to increasing outreach to the Russian-speaking community. The 2009 local elections marked the first time that SDE put forward a large number of lists in predominantly Russian-speaking East Viru County. However, their showing in Narva, 4.8 percent of the vote (double SDE's support in 2005), was not enough to secure even one seat on the council. Increasing their appeal to Russian-speakers may be a bit of long shot for SDE since party leader Juri Pihl was Minister of Interior during the Bronze Soldier riots in April 2007 (see septel for Russian participation in elections).

REALLY NO CHANGE IN TARTU

19. (U) As incumbent Mayor Urmas Kruuse predicted, Reform held on to power in Tartu with a loss of only two seats, giving them 17 of 49 seats. Reform will continue in a coalition with the Center Party (nine seats) and the People's Union (two seats) as in the

previous administration, but the details of a coalition agreement are not yet available. However, prominent Center Party politician Aadu Must, father of Center Party parliamentary faction head Kadri Simson, has resigned his parliamentary seat in order to become Chair of the City Council. The Greens lost all three seats that they held in the previous council, and IRL managed to pick up four new seats for a total of 13.

CENTER STRENGTHENS ITS GRIP ON NARVA IN A LANDSLIDE

¶10. (U) With incumbent City Council Chair Mihail Stalnuhhin at the top of the list in Narva, the Center Party secured 76.6 percent of the vote, compared to 59.9 percent in 2005. This showing earned Center 26 out of 31 seats. The remaining seats are divided among local election unions and an independent candidate. Aside from SDE's nascent efforts in East Viru County, the other parties made little effort to woo Russian-speaking voters.

Center Charges After Other Russian-Speakers

¶11. (SBU) Estonia's main Russian-speaking regions are the north-east (around Narva), the Tallinn suburb of Lasnamae, and the Old Believer communities along the shore of Lake Peipsi. Local leaders told Poloff that Center made a major push to win support in

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the Lake Peipsi region this election cycle. Center campaigned on a promise to close local schools and use the savings to raise pensions - seeking support from the area's aging population. Center managed to win 20 percent of the vote with these promises, but was trounced by two local lists that took a combined 69 percent.

CHANGE COMES TO PARNU

¶12. (U) The election union put forward by the independent Governor of Parnu County, Toomas Kivimagi, drew support from a wide spectrum of voters to secure 14 of 33 seats (35.6 percent of the vote) and remove the Center Party from the lead of its coalition with Reform. Kivimagi's union will enter into a broad coalition with Reform, IRL and SDE. The coalition agreement calls for a 20 percent reduction in local government expenditures, which will be achieved by closing the city newspaper, merging the chancelleries of the city government and council, and disbanding the municipal police force.

A DOUBLE UPSET IN RAKVERE

¶13. (U) The Center Party's attempt to import popular media personality Peeter Vosa into local politics in Rakvere failed. The SDE fared the best capturing six of 21 seats. They have entered into a coalition with IRL and Reform. Rannar Vassiljev, 28

year-old SDE member and former Deputy Mayor, will now be Mayor. Mihkel Juhkami of IRL will continue as Council Chair and former Mayor Andres Jaadla will become Deputy Chair of the Council.

THE STAGE IS SET FOR PARLIAMENTARY AND PRESIDENTIAL ELECTIONS IN 2011

¶14. (U) COMMENT. While the local election in Tallinn has some undertones of national politics, it has no direct impact on the parliamentary races. Much of Center's support came from Russian-speaking voters, roughly half of whom (as non-citizens - 15 percent of the population) cannot vote in national elections. However, the local elections lay the groundwork for the 2011 presidential election. Estonia's president is chosen by parliament. If two-thirds of parliament cannot agree on a candidate (as has happened in three of Estonia's four presidential elections), an Electoral College is formed by all local municipalities to elect the president. Therefore Center's local victories and attempts to absorb the People's Union can be seen as an attempt for Center, and its leader Savisaar, to position themselves for the next presidential election. Should the Center Party prove successful in merging with the People's Union, or at least absorbing a significant part of it, then they will be well positioned to compete with Reform and IRL outside of their traditional strongholds of Tallinn and northeast Estonia.

DECKER